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Japan

Sugar

Annual Report

2006

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Report Highlights:

Domestic sugar production is forecast at 905,000 tons in 2005/2006, up from 896,000 tons the year before. Imports are expected to remain relatively unchanged. Total demand for sugar in 2005/2006 is forecast to be 2.238 million tons. Sugar demand remains almost at the same level in the last several years (2.300 million tons in 1999). Retail sugar prices have increased around 8 % during the past year because of world sugar price hike.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Tokyo [JA1]
[JA]

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Summary of Situation

The Ministry of Agriculture, Forestry and Fisheries (MAFF) estimates centrifugal sugar production for the October-September Marketing Year (MY) 2005/2006 at 834,000 tons, around 8% lower than the year before. The production of beet sugar is expected to be lower due to smaller planting area and high temperatures in the summer. Cane sugar production is expected to increase slightly to 131,000 tons, due to favorable weather in the producing area. Japan's sugar consumption is forecast to increase slightly in 2005/2006 to 2.238 million tons, compared to the previous year's level (2.229 million tons).

Sugar demand declined almost 10 % between 1991 and 1999 (2.611 million tons and 2.300 in 1991 and 1999, respectively), partly due to consumers' preference for "non-sugar" or "less sugar" products as well as the increasing availability of sugar substitutes such as sorbitol. That decline slowed down starting in 2000 and has been roughly the same ever since. Meanwhile, sorbitol preparation imports increased significantly during the same period (13,651 tons and 128,387 tons in 1991 and 1999, respectively), which mirrors the decrease in sugar demand for the same period. Since 2000, sugar demand has remained steady at 2.300 to 2.263 million tons. During the same period, total sorbitol preparation (HS2106.510) and other preparation (HS2106.590) have remained around 125,000 tons.

The Japanese Government has no tariff on raw sugar since April 2000. To protect domestic sugar producers, MAFF, through the Agriculture and Livestock Industries Promotion Corporation (ALIC), subsidizes domestic production through a generous price support system. Each year, ALIC sets a guaranteed price for domestic beet and cane producers. ALIC then sets a price at which it will buy raw sugar from refiners that will allow the refiners to pay the guaranteed price for beets and cane. MAFF purchases sugar at the set price, then resells the sugar to the refiners at a lower price, which is roughly equivalent to the import price.

In 2004, MAFF increased the sugar refinery industry contribution to the guaranteed price support system by 10 yen per kilogram of imported raw sugar. The industry's total increase in contribution amounted to 220 billion yen (2 billion USD at a rate of 110 yen per 1 USD). Combined with this increase in contribution, high international sugar prices force the sugar refinery industry to raise the refined sugar price, in spite of the consolidation and restructuring of the sugar refinery industry and closure of a number of plants in the past couple of years, from 122 yen/kg in September 2003 to 142 yen/kg in December 2005.

In late 2005, MAFF introduced a reform plan to move their agricultural support program from commodity-specific support to direct payments. Sugar beets are among the commodities targeted for this new system set to commence in April 2007. (Please see JA5068-Japan Embarks on Drastic Change In Its Farm Subsidy Scheme.)

Statistical Tables

PSD Table – Centrifugal Sugar

Country	Japan						
Commodity	Sugar, Centrifugal				(1000 MT)		
	2005	Revised	2006	Estimate	2007	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		10/2004		10/2005		10/2006	MM/YYYY
Beginning Stocks	354	387	433	372	465	372	(1000 MT)
Beet Sugar Production	787	784	750	750	0	750	(1000 MT)
Cane Sugar Production	134	121	140	130	0	130	(1000 MT)
TOTAL Sugar Production	921	905	890	880	0	880	(1000 MT)
Raw Imports	1429	1326	1400	1348	0	1348	(1000 MT)
Refined Imp.(Raw Val)	2	2	2	2	0	2	(1000 MT)
TOTAL Imports	1431	1328	1402	1350	0	1350	(1000 MT)
TOTAL SUPPLY	2706	2620	2725	2602	465	2602	(1000 MT)
Raw Exports	0	0	0	0	0	0	(1000 MT)
Refined Exp.(Raw Val)	10	10	10	10	0	10	(1000 MT)
TOTAL EXPORTS	10	10	10	10	0	10	(1000 MT)
Human Dom. Consumption	2263	2238	2250	2220	0	2220	(1000 MT)
Other Disappearance	0	0	0	0	0	0	(1000 MT)
Total Disappearance	2263	2238	2250	2220	0	2220	(1000 MT)
Ending Stocks	433	372	465	372	0	372	(1000 MT)
TOTAL DISTRIBUTION	2706	2620	2725	2602	0	2602	(1000 MT)

PSD Table – Sugar Beets

Country	Japan						
Commodity	Sugar Beets				(1000 HA)(1000 MT)		
	2005	Revised	2006	Estimate	2007	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		10/2004		10/2005		10/2006	MM/YYYY
Area Planted	68	68	68	68	0	68	(1000 HA)
Area Harvested	68	68	68	68	0	68	(1000 HA)
Production	4656	4656	4200	4081	0	4100	(1000 MT)
TOTAL SUPPLY	4656	4656	4200	4081	0	4100	(1000 MT)
Utilization for Sugar	4656	4656	4200	4081	0	4100	(1000 MT)
Utilizatn for Alcohol	0	0	0	0	0	0	(1000 MT)
TOTAL UTILIZATION	4656	4656	4200	4081	0	4100	(1000 MT)

PSD Table – Sugar Cane for Centrifugal

Country	Japan						
Commodity	Sugar Cane for Centrifugal				(1000 HA)(1000 MT)		
	2005	Revised	2006	Estimate	2007	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		10/2004		10/2005		10/2006	MM/YYYY
Area Planted	0	32	0	32	0	32	(1000 HA)
Area Harvested	0	23	0	22	0	23	(1000 HA)
Production	0	1186	1350	1254	0	1250	(1000 MT)
TOTAL SUPPLY	0	1186	1350	1254	0	1250	(1000 MT)
Utilization for Sugar	0	1186	1350	1254	0	1250	(1000 MT)
Utilizatn for Alcohol	0	0	0	0	0	0	(1000 MT)
TOTAL UTILIZATION	0	1186	1350	1254	0	1250	(1000 MT)

Import Trade Matrix – Centrifugal Sugar

Country	Japan		
Commodity	Sugar, Centrifugal		
Time Period	MY	Units:	1000MT
Imports for:	2003		2004
U.S.	0	U.S.	0
Others		Others	
Thailand	703	Thailand	629
Australia	496	Australia	389
South Africa	168	South Africa	187
Fiji	34	Fiji	88
Philippines	13	Philippines	20
China	7	China	9
Bolivia	1	Bolivia	2
		Vietam	1
Total for Others	1422		1325
Others not Listed	2		1
Grand Total	1424		1326

Prices Table – Centrifugal Sugar

Country	Japan		
Commodity	Sugar, Centrifugal		
Prices in	yen	per uom	kg
Year	2004	2005	% Change
Jan	127	134	6%
Feb	127	134	6%
Mar	127	135	6%
Apr	128	135	5%
May	130	136	5%
Jun	130	136	5%
Jul	130	136	5%
Aug	132	136	3%
Sep	132	136	3%
Oct	133	142	7%
Nov	133	142	7%
Dec	134	142	6%
Exchange Rate	9/30/2005	Local Currency/US \$	
Date of Quote	113	MM/DD/YYYY	